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ROUTING AND TRANSMITTAL SLIP		Date
		4 NOV 1985
TO: (Name, title symbol, room number, building, Agency/Post)	Initials	Date
1. DIRECTOR OF LOGISTICS		
2.		
3.		
4.		
5.		
Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

#1 - ACTION

PLEASE ADVISE THE CHIEF, AUDIT STAFF OF THE
ACTION TAKEN ON THE ATTACHED RECOMMENDATIONS AND
PROVIDE THE DDA WITH A COPY.

SUSPENSE: 25 NOVEMBER 1985

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, title symbol, Agency/Post)	Room No.—Bldg.
EO/DDA 7D18 HQS	Phone No.

5041-10

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.205

* GPO: 1983 O - 381-529 (232)

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S E C R E T

45-20

30 October 1985

MEMORANDUM FOR: Director of Logistics

VIA: Inspector General

FROM:
Chief, Audit Staff

25X1

SUBJECT: Report of Audit of Real Estate and Construction
Division, 1 May 1983 - 30 June 1985

1. Subject report is attached for your review. Please advise me as to action taken on the recommendations.

2. We appreciate the cooperation and assistance extended by your personnel during the audit.

25X1

Attachment:
As stated

Distribution:
Orig. - Addressee
✓ - DDA
1 - O/Compt/BMG
1 - D/OF

WARNING NOTICE
INTELLIGENCE SOURCES
OR METHODS INVOLVED

S E C R E T

25X1

30 October 1985

REPORT OF AUDIT
Office of Logistics
Real Estate and Construction Division

For the Period
1 May 1983 - 30 June 1985

SUMMARY

25X1 1. Real Estate and Construction Division (RECD) controls
25X1 and procedures for the custody and use of Agency resources were
25X1 generally effective and in compliance with applicable regula-
tions during the audit period. This report contains recommend-
ations concerning adjustment of real property records to
accurately reflect the total dollar value of the Agency's real
property holdings, submission of contract actions to the Office
of General Council (OGC) for review, and obtaining contract
officers' signatures on Business Justification (BJ) forms. The
prior audit report noted that the Agency and GSA were in dis-
pute over the standard level user charge (SLUC) for [redacted]
[redacted] for the last quarter of Fiscal Year 1982 and Fiscal Year
1983. During the audit period RECD has been successful in
negotiating the level of SLUC payments for [redacted] through
Fiscal Year 1984 but negotiations are still in process to es-
tablish the Fiscal Year 1985 level of SLUC payment. In view of
the continuing efforts of RECD to finalize the amount of SLUC
due GSA for Fiscal Year 1985, no recommendation is being made.
Other administrative problems were discussed with responsible
officials and resolved during the audit.

SCOPE

2. The audit included a review of administrative func-
tions to evaluate the effectiveness of internal controls and
procedures and to ensure compliance with Agency regulations.
Logistical transactions were reviewed to determine whether doc-
umentation, including approvals and certifications, was in
accordance with applicable regulations and to verify the accu-
racy of property accounts. Active, in-settlement, and closed
RECD contracts were reviewed to determine compliance with ap-
plicable laws, regulations, and directives. SLUC billing pro-
cedures were also reviewed. Expenditures related to RECD
activities are reviewed during the audit of the Office of the
Director of Logistics.

S E C R E T

25X1 WARNING NOTICE
INTELLIGENCE SOURCES
AND METHODS INVOLVED

BACKGROUND

25X1 3. RECD advises the Director of Logistics (D/OL) on all
25X1 matters relative to real estate, construction, and maintenance
of Agency facilities; provides qualified personnel for manage-
ment of such matters for Agency facilities worldwide; furnishes
architectural and engineering services in support of Agency
requirements; and coordinates the legal, cover, and security
aspects incident to real property transactions with appropriate
Agency components. At 30 June 1985 there were [] personnel
assigned to the Division.

DETAILED COMMENTS

Real Property Records

25X1 5. The Domestic Real Property System should be repro-
grammed to provide the summary financial information necessary
for the annual total dollar value report (TDVR). Logistics
Instruction [] requires RECD to maintain records for all
the Agency's real property holdings and to submit to Office of
Finance (OF) by 15 October each year the total dollar value of
the Agency's real property holdings.

6. In Fiscal Year 1984, RECD developed a new system for
controlling the Agency's domestic real property holdings.
While this system better serves RECD's needs for tracking and
controlling domestic real property, it does not have the capa-
bility to summarize the financial data necessary for the TDVR.
Consequently, the domestic section of the Fiscal Year 1984 TDVR
submitted to OF was not revised from the previous year's total
to reflect changes made in the Agency's domestic real property
holdings during the year.

Recommendation #1: Reprogram the Domestic
Real Property System to provide summary financial
information necessary for the annual TDVR.

OGC Review on Contract Actions

25X1 7. RECD had been obtaining OGC review on their original
contract actions. However, amendment actions over \$25,000 have
not been sent to OGC for review. [] requires all con-
tract amendments in excess of \$25,000 be reviewed by the OGC
prior to execution.

S E C R E T

Recommendation #2: Submit contract amendments in excess of \$25,000 to the OGC for review.

Business Justifications

8. Review of a sample of RECD contracts indicated that all the original Business Justifications (BJs) were signed by the contract officer. However, the BJs used to support amendment actions to the original contracts were not signed.

9. Procurement Note 108 establishes the policy concerning the contract officer signature on the BJs. The BJ is an official part of the contract file, as such, the contract officers signature on the BJ signifies that he/she has verified that the contract action is proper and all the documentation necessary to support the action is in the contract file.

Recommendation #3: Ensure that all BJs are signed by the contract officer in accordance with Procurement Note 108.

S E C R E T